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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 8, 1998

APPLICATION OF

DELMARVA POWER & LIGHT COMPANY

CASE NO. PUE980324

For a decrease in its electric
Fuel rate pursuant to § 56-249.6
of the Code of Virginia

ORDER ESTABLISHING 1998-99 FUEL FACTOR PROCEEDING

On May 27, 1998, Delmarva Power & Light Company ("Delmarva" or "Company") filed its application, written testimony, and exhibits to support its request for a decrease in the Company's fuel factor.

The Company requests approval of one of two alternative fuel factors, both of which are reductions from the current fuel factor. The differences between the two proposals involve the treatment of net replacement power costs associated with the 1995-1998 extended outages at the Salem Nuclear Generating Station.

The alternative identified as the Primary Proposal would set a total fuel factor of 1.841¢/kWh. This incorporates a proposed credit to fuel expense intended to settle and to bring to final resolution issues involving the net replacement power costs of the Salem extended outages.

The alternative identified as the Interim Proposal would set a total fuel factor of 1.934¢/kWh. This is based on continuing the interim treatment provided in the Company's last two Virginia fuel factor proceedings, wherein, Delmarva recovered approximately 50% of the net replacement power costs associated with the then ongoing outages at the Salem Nuclear Generating Station.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE980324.

(2) A public hearing is scheduled for 10:00 a.m. on September 3, 1998, in the Commission's Second Floor Courtroom for the purpose of receiving evidence related to the establishment of Delmarva's fuel factor for the 12 month period beginning July 1998. The proposed fuel factor decrease from 2.013¢/kWh to 1.841¢/kWh shall be effective, on an interim basis, beginning with the billing month of July 1998, without proration.

(3) Delmarva shall make copies of its application and supporting documents available for public inspection during regular business hours in each of its business offices in Virginia.

(4) On or before August 3, 1998, any person desiring to participate as a Protestant, as defined in Rule 4:6 of the

Commission's Rules of Practice and Procedure ("S.C.C. Rules"), shall file with the Clerk, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and twenty (20) copies of a notice of protest as provided in S.C.C. Rule 5:16(a) and serve a copy on counsel for the Company as follows: Guy T. Tripp, III, Esquire, Hunton & Williams, 951 East Byrd Street, Richmond, Virginia 23219-4074.

(5) On or before August 13, 1998, each Protestant shall file an original and twenty (20) copies of a Protest (S.C.C. Rule 5:16(b)) and of the prepared testimony and exhibits Protestant intends to present at the hearing, and serve two (2) copies of each on Delmarva and all other Protestants.

(6) On or before August 20, 1998, the Commission Staff shall investigate the reasonableness of the Company's request and file a report of its investigation with the Clerk and serve a copy on the Company and all Protestants.

(7) On or before August 26, 1998, Delmarva shall file an original and twenty (20) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits. Additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of hearing and provided further the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said

evidence is granted by the Commission. A copy of the prefiled rebuttal evidence shall be served upon all other Protestants.

(8) The Company shall respond to written interrogatories within five (5) days after receipt of the same. Protestants shall respond to the written interrogatories of the Company, other Protestants and Staff within five (5) days after receipt of the same. Protestants shall provide the Company, other Protestants, and Staff with any work papers or documents used in preparation of their filed testimony promptly upon request. Except as modified above, discovery shall be in accordance with Part VI of the S.C.C. Rules.

(9) On or before June 26, 1998, Delmarva shall cause a copy of the following notice to be published as display advertising (not classified), on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF THE
1998-99 FUEL FACTOR PROCEEDING
FOR DELMARVA POWER & LIGHT COMPANY

On May 27, 1998, Delmarva Power & Light Company ("Delmarva") filed an application with the State Corporation Commission for a decrease in its fuel factor from 2.013¢/kWh to 1.841¢/kWh effective with the billing month of July 1998. The proposed fuel factor will become effective beginning with the July 1998 billing month, on an interim basis.

Pursuant to Virginia Code § 56-249.6, the Commission has scheduled a public hearing to commence at 10:00 a.m. on

Thursday, September 3, 1998, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence related to the establishment of Delmarva's fuel factor.

All testimony, exhibits, and other data filed by Delmarva will be available for public inspection at all of the Company's offices in Virginia where bills may be paid, and at the Commission's Document Control Center, First Floor, Tyler Building, Richmond, Virginia.

Any interested person desiring to make a statement at the hearing should appear in the Commission's courtroom at 9:45 a.m. on the hearing date and identify himself or herself to the bailiff.

On or before August 3, 1998, persons desiring to participate as Protestants, as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("S.C.C. Rules"), to present evidence and cross-examine witnesses, shall file an original and twenty (20) copies of a notice of protest, as described in S.C.C. Rule 5:16(a) with the Clerk of the Commission, and serve a copy upon Delmarva. Service upon Delmarva shall be directed to Guy T. Tripp, III, Esquire, Hunton & Williams, 951 East Byrd Street, Richmond, Virginia 23219-4074.

On or before August 13, 1998, each Protestant shall file an original and twenty (20) copies of a Protest (S.C.C. Rule 5:16(b)) and an original and twenty (20) copies of the prepared testimony and exhibits Protestant intends to present at the public hearing, and serve two (2) copies each upon Delmarva and each Protestant. All written communications to the Commission regarding this proceeding shall identify Case No. PUE980324 and be directed to William J. Bridge, Clerk, State Corporation

Commission, Document Control Center, P.O.
Box 2118, Richmond, Virginia 23218.

DELMARVA POWER & LIGHT COMPANY

(10) On or before June 26, 1998, Delmarva shall serve a copy of this Order on the Chairman of the board of supervisors of each county (or equivalent officials in counties having alternate forms of government) in which the Company offers service, and on the mayor or manager of every city and town (or an equivalent official in cities and towns having alternate forms of government) in which the Company offers service. Service shall be made by either personal delivery or by first-class mail to the customary place of business or the residence of the persons served.

(11) At or before the commencement of the hearing scheduled herein, Delmarva shall provide proof of service and notice as required in this Order.